

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7530

BILL NUMBER: HB 1518

NOTE PREPARED: Jan 10, 2011

BILL AMENDED:

SUBJECT: State and Local Government Ethics.

FIRST AUTHOR: Rep. VanDenburgh

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill reduces from \$100 to \$50 the minimum reportable amount for gifts made to state officers, employees, and special appointees on their financial disclosure statements. It requires that these financial disclosure statements must be published on the state's Internet web site. It requires local officers and candidates for local offices to file statements of economic interests. It also requires persons who make offers for contracts with political subdivisions to register with the county and to file certain reports. The bill requires registrations, reports, and statements to be published on the county's Internet web site when the county has the capability to do so. It authorizes the State Board of Accounts to impose certain civil penalties for violations of the local ethics statute, and makes technical amendments.

Effective Date: July 1, 2011.

Explanation of State Expenditures: *Financial Disclosure Statements:* This bill reduces from \$100 to \$50 the minimum reportable amount for gifts on financial disclosure statements, which are filed with the State Ethics Commission. The bill also requires the State Ethics Commission to publish these statements on the state's web site. These provisions may increase costs for the State Ethics Commission, but they should be able to implement the provisions within existing resources.

Explanation of State Revenues: *Penalty Provision:* The bill provides that a person who intentionally or knowingly files a false statement of financial interests commits a Class A infraction. The maximum judgment for a Class A infraction is \$10,000, which would be deposited in the state General Fund. However, any additional revenue is likely to be small.

Explanation of Local Expenditures: *Statements of Financial Interests:* This bill provides that local

officers, and candidates for local office or a school board office must file statements of financial interests. These statements will be filed annually with the appropriate county election board. Also, counties are required to publish the statements on the county's web site if they have the capability to do so.

Local Contractor Registration and Reporting: This bill requires those contracting with political subdivisions to register and submit certain reports to county auditors. Reports of gifts must be filed twice a year. The bill also requires this information to be published on county web sites by county auditors.

These provisions will increase administrative costs for county election boards and county auditors, but it is unknown to what extent.

Explanation of Local Revenues: *Civil Penalties:* The bill provides that the State Board of Accounts may impose civil penalties on individuals who do not file statements of financial interests in a timely manner or file deficient statements. The civil penalty is \$10 for each day that a statement is delinquent or deficient, up to a maximum of \$1,000. Any civil penalties imposed will be deposited in the general fund of the political subdivision.

The State Board of Accounts may also impose civil penalties on those who fail to comply with the local contractor registration provisions of this bill. The civil penalty for these violations is \$100 for each day up to a maximum of \$4,500 per registration or report.

Local Contractor Registration: The bill provides for registration fees of \$100 for first-time registrants, and \$50 for renewal registrations each year. The amount of registration fees that will be assessed is indeterminable. The registration fees will be deposited in the county's general fund.

Penalty Provision: If additional court actions are filed and a judgment is entered, local governments would receive revenue from court fees. However, any additional revenue is likely to be small.

State Agencies Affected: State Ethics Commission; State Board of Accounts.

Local Agencies Affected: Trial courts, local law enforcement agencies; county election boards; county auditors.

Information Sources:

Fiscal Analyst: Jessica Harmon, 317-232-9854.